



FTB facts



Franchise Tax Board

Sacramento • California



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facts

Franchise Tax Board

In **1929**, the Legislature created the office of the Franchise Tax Commissioner to administer California's new Bank and Corporation Franchise Tax Act. This was the first agency created for tax administration since the 1879 adoption of the state Constitution. Before that, the State Board of Equalization and the State Controller administered all tax programs.

In **1950**, California abolished the office of the Franchise Tax Commissioner and created the Franchise Tax Board that we know today. Board members are the state controller, the director of the Department of Finance, and the chair of the State Board of Equalization. The chief administrative official is the executive officer of the Franchise Tax Board.

organization

Divisions

Accounts Receivable Management

The ARM Division is responsible for managing delinquent debts such as PIT and Corporation Income Tax. The division also collects various non-tax debt such as delinquent vehicle registration, as well as debts owed to California's courts and the Department of Industrial Relations.

- Field/Large Account Collection Bureau.
- Investigations Bureau.
- Revenue Recovery Services Bureau.
- Compliance and Resolution Services Bureau.
- Special Programs Bureau.
- Division Support Unit.

Administrative Services

The Administrative Services Division provides a wide range of services and information in support of employee careers and working conditions that help to make FTB a strong organization and a great place to work.

- Business & Human Resources Bureau.
- Communications Services Bureau.
- Corporate Planning Bureau.
- Equal Employment Opportunity Office.
- Internal Audit Bureau.
- Facilities Management Bureau.
- Privacy, Security, & Disclosure Bureau.
- Taxpayer Advocate Bureau.

Audit

The Audit Division encourages self-compliance by administering the income tax audit program in a timely, responsible, and fair manner.

- Multistate Tax Audit Program Bureau.
- MSA Out-of-State Field Operations Bureau.
- General Tax Audit Program Bureau.

California Child Support Automation System (CCSAS)

The Department of Child Support Services (DCSS) was created to provide statewide program direction. DCSS is charged with implementing the reform legislation, establishing uniform statewide program standards, and improving customer service. DCSS is teamed with FTB as its agent to procure, develop, implement, and maintain an automated statewide child support system.

Filing

The Filing Division provides a multitude of services related to filing tax returns including: designing and distributing tax forms, processing tax forms, and providing customers with the services they need to file a return or respond to a billing. The division also handles the department's nonfiler and real estate withholding activities.

- Filing Services Bureau.
- Processing Services Bureau.
- Filing Compliance Bureau.
- Filing Methods & Budget Bureau.

Finance and Executive Services

Finance and Executive Services Division provides internal services to help the department function, and external services to help represent the department with our customers. We provide support for Economic and Statistical Research, Financial Management, Legislative Services, Procurement and Asset Management, and Project Planning and Support.

- Economic and Statistical Research Bureau.
- Financial Management Bureau.
- Legislative Services Bureau.
- Procurement and Asset Management Bureau.
- Project and Planning Support Bureau.



Legal Department

The Legal Department performs a wide variety of legal functions and services. Legal staff represents the department in tax matters in protest, appeals, out-of-state bankruptcy and settlement cases. We assist the Attorney General in court with respect to refund litigation cases and, in conjunction with the ARM Division, with in-state bankruptcy matters. Legal staff also represents the department in personnel matters before the State Personnel Board, Board of Control cases and other administrative proceedings. Legal staff provides advice and counsel to the department with respect to the department's legislative program, forms review, contract and general counsel matters, as well as the department's non-tax programs. The Legal Department staff issues legal rulings and public notices and is responsible for the department's regulation program.

- General Tax Law Bureau.
- Legal Affairs Bureau.
- Multistate Tax Bureau.
- Settlement Bureau.
- Tax Administration & Procedure Bureau.

Technology Services

The Technology Services Division supports the information technology infrastructure essential to the success of the department's programs. The division's progressive organization works collaboratively with its customers, and one another, to achieve the highest level of innovation and success.

- Audit and Filing Compliance Systems.
- Collection Systems.
- Computing Resources.
- E-Services and Applications.
- Enterprise Technology Management.
- Network Management.
- Tax Systems Management.

statistics

Return Processing Statistics

2005 (01.01.05 – 12.31.05)

PIT returns*	14.7 million
Electronic returns	8.2 million (nearly 56%)
Paper returns	6.5 million
<i>CalFile</i>	158,000
<i>ReadyReturn</i>	11,000
Corp returns	1 million
Tax deposits	\$26.1 billion (\$13.6 PIT/\$12.5 BE)
Tax withholding	\$28.8 billion
Total general fund	\$55 billion (total of tax payments and withholding - 65% of general fund)
Refunds issued	10 million
Average refund	\$770

* All current year personal income tax returns (less fiduciary returns).

Miscellaneous Statistics

2005 (Calendar Year)

Number of phone calls TSCS	1.9 million																		
Number of IVR calls TSCS	6.5 million (These calls are routed throughout the department for resolution: 4.7 million by Filing Division, 1.7 by ARM.)																		
Number of field office contacts	135,952																		
Letters to executive officer	1,509																		
Advocate cases	9,779																		
Number of Web visits	7.3 million																		
Number of forms downloaded	10.3 million																		
Number of collection phone calls	1 million (All collections stats are combined PIT and BE.)																		
Number of IVR calls	680,000																		
Number of e-installment arrangements	120,000																		
Number of collection accounts	1 million																		
Account receivable collected	\$2 billion																		
Number of audits	348,795 PIT 3,497 Corp																		
Assessments	<table> <tr> <td>PIT</td><td>\$467,320,429</td></tr> <tr> <td>PIT Audit</td><td>\$137,133,827</td></tr> <tr> <td>Automated Audit</td><td>\$44,326,421</td></tr> <tr> <td>HOH</td><td>\$44,129,308</td></tr> <tr> <td>RAR</td><td>\$241,730,873</td></tr> <tr> <td>Corp</td><td>\$1,659,458,396</td></tr> <tr> <td>Multistate Audit</td><td>\$1,444,801,524</td></tr> <tr> <td>Non Apportion C</td><td>\$41,864,780</td></tr> <tr> <td>RAR</td><td>\$172,792,092</td></tr> </table>	PIT	\$467,320,429	PIT Audit	\$137,133,827	Automated Audit	\$44,326,421	HOH	\$44,129,308	RAR	\$241,730,873	Corp	\$1,659,458,396	Multistate Audit	\$1,444,801,524	Non Apportion C	\$41,864,780	RAR	\$172,792,092
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Investigations - Number of new cases	97																		
Number of cases approved for prosecution	129																		
Number of individuals prosecuted	133																		
Number of closed cases	172 (81 Investigations & 91 Prosecutions)																		
Revenue amount generated by Investigations Bureau	\$13.3 million																		

Miscellaneous Non-Tax Workload Statistics	2005 (Calendar Year)
HRA	
Total number of claims processed	597,755
Homeowner claims	144,168 - average refund \$268
Renter claims	453,587 - average refund \$313
DMV	
Total VRC calls answered by IVR	264,366
Total calls answered by VRC Agents	163,398
New cases	898,212
Collections	\$114,959,462
COD	
Total COD calls answered by IVR	208,517
Total calls answered by COD Agents	133,267
New cases	488,581
Collections	\$55,692,621
IHS	
Total IHS calls answered by IVR	No ACD for IHS in 2004; ACD begun August, 2005.
Number of phone answered IHS agent	529
New cases	4,200
Collections	\$1,564,947
Contract Collections	
Call offered	42,158
Calls answered	39,356
Number of cases resolved	This information should be available by the end of the year. Contract collections only tracked dollars collected.
Vendor Collections	ISCAR: \$1,642,370 OSCAR: \$1,039,393

processing returns

Receiving (Mail Room Functions)

- Our Receiving Section receives, opens, sorts, dates, and numbers the returns.
- Each year FTB processes 30 million pieces of mail.
- During the final week of the tax season (after April 15), we pick up mail from the Royal Oaks Post Office non-stop for about five days. We normally have all April 15 mail from the post office by 10 days after the due date.
- Receiving employs 115 full-time workers year-round and adds another 1,000-1,300 seasonal workers during the tax season.
- Starting in late January through mid-May, FTB runs two shifts a day. For approximately two weeks after April 15, FTB will run both shifts eight hours a day, seven days a week.

Information Capture and Banking (Key Data Entry)

- Our Information Capture and Banking (ICBS) Section cashiers all paper tax payments and data captures the tax return information into FTB computer systems.
- FTB keys an average of 120,000 tax returns and scans more than 100,000 documents per day in April.
- ICBS employs 150 full-time workers and adds another 250 permanent intermittent workers during the tax season. This staff supports the manual data entry, imaging, and cashiering processing units.
- ICBS runs two shifts per day, year round.
- In 2004, ICBS cashied more than 8.9 million checks totaling more than \$19 billion (amounts include estimate payments and bank and corporation payments). (YTD 12/15/04.)
- The record for daily deposits was tax day April 2005, when we deposited more than \$1.1 billion.

Electronic Filing

- Paperless technology where the taxpayer files through a computer.
- E-File increases the speed and accuracy of tax return processing.
- In 2005, e-filed tax returns represented nearly 60 percent of all returns filed.





assisting taxpayers

Toll-Free Phone Service

- FTB has approximately 200 Customer Service Representatives providing assistance on the toll-free tax information line. The representatives receive an initial eight-week training course as a new hire and then receive annual refresher training in December and January in preparation for the upcoming tax season.
- FTB also has an automated 800 phone service that answers the most commonly asked tax questions, allows taxpayers to order tax forms, and checks refund status and balance due. Between January and April, these two phone systems answer more than 30,000 calls a day.

Internet

- FTB's Website is www.ftb.ca.gov.
- Our homepage has access to:
 - Many e-services including e-file, refund status, and payment options.
 - Interactive tax forms and account information.
 - Downloadable tax forms and publications.
 - Answers to the most frequently asked tax questions.
 - News releases, legislative analyses, legal rulings, and research statistics.

Volunteer Income Tax Assistance and Tax Counseling for the Elderly Programs

- The VITA/TCE program has more than 1,100 sites throughout California.
- Working in partnership with the IRS, trained volunteers provide free help to low-income, senior, disabled and non-English speaking persons who need to file simple federal and state returns.
- The VITA program assists more than 400,000 taxpayers annually.

special systems

TI

Taxpayer Information is a PIT processing system.

INC

The **Integrated Nonfiler Compliance** application is used to administer FTB's Nonfiler program. The INC application identifies and gains compliance from California taxpayers and businesses that are not filing California State income tax returns. INC processes more than 350 million records of income-related data about taxpayers each year to identify potential nonfilers.

PASS

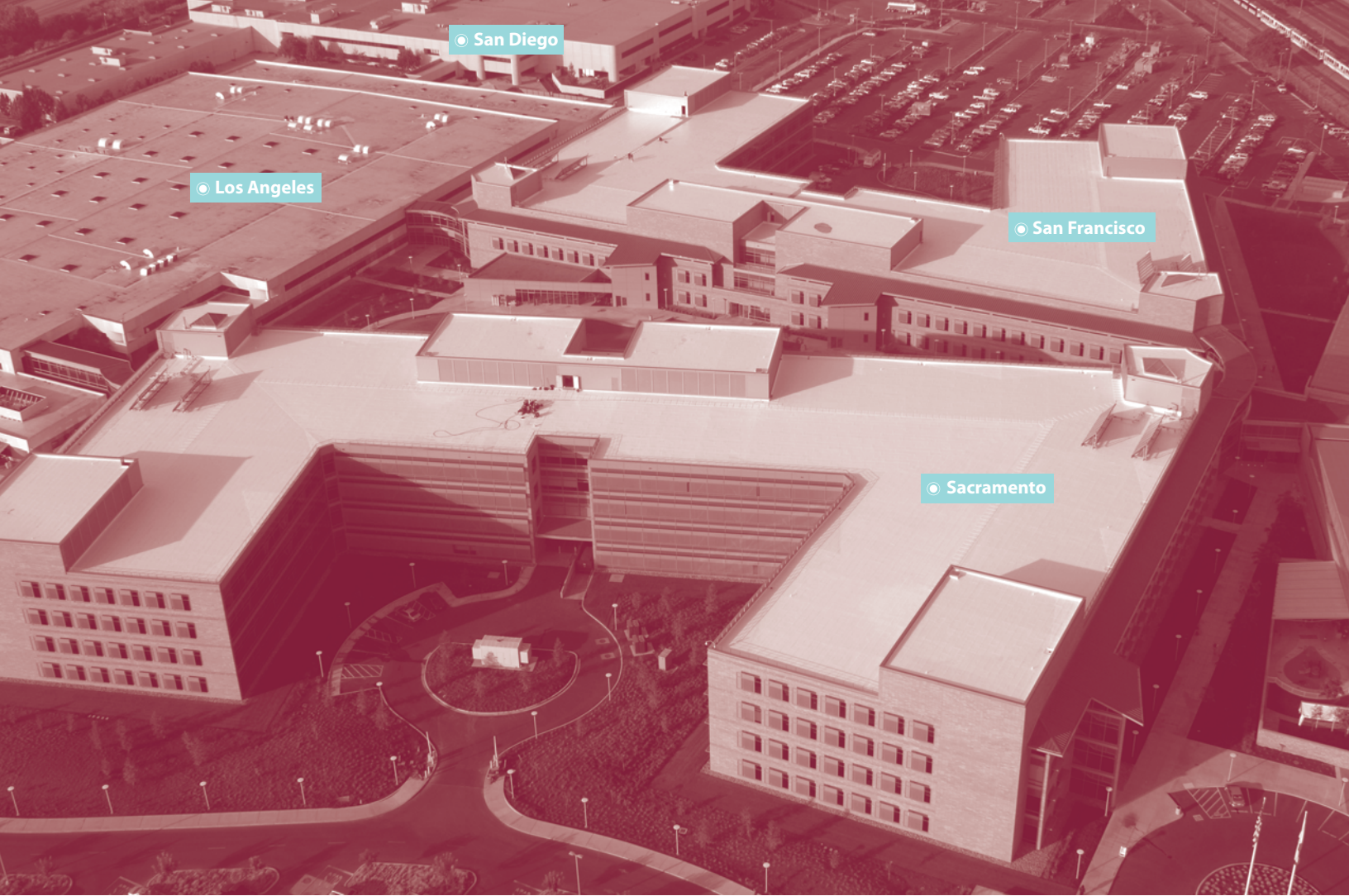
The **Professional Audit Support System**. The PASS application is used nationwide by 1,200 plus auditors, attorneys, and managers to select, develop, and track partnership and corporation audits and legal cases.

ARCS

The **Accounts Receivable Collection System** is an interactive automated collection system. The system enables us to utilize the right resource, on the right account, at the right time, to take the right action. PIT ARCS was implemented August 2000, and has collected approximately \$5.5 billion. BE ARCS was implemented March 2001, and has collected approximately \$2.1 billion.

BETS

The **Business Entities Tax Systems** is an accounting and processing system for Bank and Corporation, Partnerships, and Limited Liability Corporations tax information.



campus

- The Sacramento, San Francisco, and other three buildings that comprise Phase III total 1 million gross square feet. (Gross square foot basically means every square foot – stairwells, mechanical rooms, elevator shafts, etc.)
 - Sacramento Building has four stories and 500,000 gross square feet.
 - San Francisco Building has three stories and 380,000 gross square feet.
 - Town Center, 50,000 gross square feet, the Warehouse, is 44,000 gross square feet, the Central Plant is 15,000 gross square feet, plus the various connectors total 1 million.
- The Town Center comprises the auditorium, cafeteria, meeting rooms, the Golden 1 Credit Union, public lobby, and the Poppy Patch Child Care Facility.
- Groundbreaking: November 2002.
- Occupancy: May 2005.
- Project cost: \$218 million (includes land and all improvements, plus architectural and engineering fees, project management fees) financed by Lease Revenue Bonds.
- San Diego Building (March 1993) is 385,000 square feet. Financed by Lease Revenue Bonds for \$40 million. Debt service will be paid off in September 2011.
- Los Angeles Building (1985) is 466,000 square feet. Cost \$42 million (land plus building). Originally financed by Certificates of Participation, the building was refinanced in March 1997 for \$22.5 million (the balance on the certificates). The debt for the Los Angeles Building will be paid off in October 2006.



- As of 10/01/05, 4,755 permanent and reduced work time employees.
- 4,175 full-time permanent employees in Sacramento.
- 418 in our six field offices: Los Angeles, Oakland, Sacramento, San Diego, San Francisco, and Santa Ana.
- Additional audit staff is based in San Jose, Van Nuys, and West Covina. These offices have no public counters.
- Fresno and San Jose closed 11/30/05; Santa Rosa and Stockton closed 12/31/05; Ventura, Long Beach, San Bernardino, and Bakersfield were scheduled for closing in early 2006.
- All vacant positions were absorbed to central office. The affected employees went to other agencies, retired, resigned from state service, or moved to other field offices.
- 162 in our three out-of-state offices in Chicago, Houston, and Manhattan.



Other

- 242 permanent intermittent.
- 1,210 student assistants, seasonal, and retired annuitants.

personnel



JR's Market Square



Poppy Patch



Light Rail

community

Special features about our buildings include:

- 82 acre campus.
- 1 million square feet of office space.
- 4,341 total parking spaces.
- Transit stop 50' from Town Center entrance.
- Light Rail Station 100' from Town Center entrance.
- 300 bike lockers.
- Three bike racks for day use riders.
- More than 350 shower room lockers for employees.
- Jogging/walking track that encircles the campus.
- Rooftop photovoltaic (PV) array (San Diego Building) can produce up to 470 kW under peak sun conditions, and generates enough electricity to power more than 235 homes.
- Photoelectric cells in lighting fixtures to conserve energy.
- Aluminized reflective coating that reflects 70 percent of solar radiation.
- JR's Market Square is our main employee cafeteria. We also have JR's Commissary and the LA Café in the Los Angeles Building. Two additional snack areas are currently being readied for serving employees. One each in the Sacramento Building and the San Francisco Building.
- A full-service Golden 1 Credit Union with ATM machines located in our public lobby and outside the LA Café.
- Three day care centers for employee's children, and the public at large. Each center is licensed for 60 children. As of December 1, 2005, there are 130 children enrolled.

Accountability

We are accountable for being efficient and providing quality products and services to our customers.

Communication

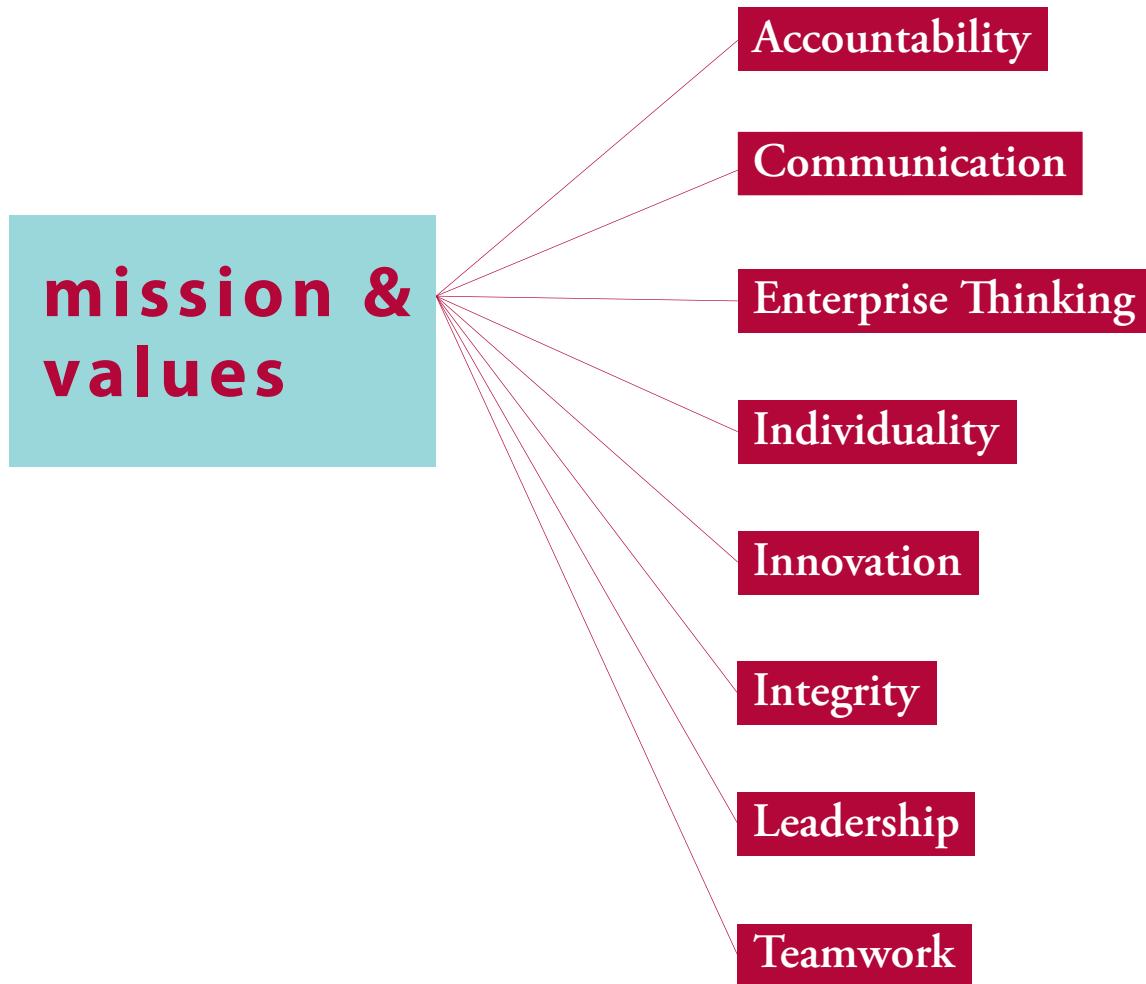
We listen and communicate openly, promptly, and accurately to keep each other and our customers informed.

Enterprise Thinking

We make decisions that take the entire organization into consideration.

Individuality

We value a diverse workforce and the unique opinions and contributions of others.



Innovation

We are flexible, think outside the box, and embrace change in an innovative and creative manner.

Integrity

We treat each other and our customers with fairness, honesty, and respect.

Leadership

When we lead, we communicate expectations clearly, trust others to get the job done, and help employees reach their goals.

Teamwork

We work in a team environment to strengthen our organization, achieve our business goals, and build cooperative working relationships.



By constantly practicing our values, we produce quality business results, do what is best for taxpayers, seek to gain the public's trust, and make the Franchise Tax Board a place where employees enjoy working.

Blood Drives

FTB hosts six blood drives throughout the year. FTB employees donate approximately 100 pints per blood drive. Each pint of blood can save up to two lives. FTB is the largest state agency donor in the Sacramento area.

California State Employees' Charitable Campaign

FTB has always played a major part in the success of the campaign. CSECC is managed locally, ensuring all Community Fund dollars are distributed to agencies in the local area. The Capital Region also includes the counties of Yolo, Amador, Placer, El Dorado, and Sacramento.

Employee Services

- 24-Hour Crisis Hotline Numbers.
- Employee Assistance Program (EAP).
 - Internal and Community Resources.
- Employee Recognition and Rewards Programs.
- Employee Relations Office.
- Employee Services Contact List.
- Equal Employment Opportunity Office.
 - EEO Counselors.
 - Disability Advisory Committee.
 - Employee Advisory Committee.
- Tax Assistance.
 - E-file at work.

Annual Food Drive

For 33 consecutive years, the FTB has participated in the California State Employees Food Drive, which is recognized as one of the largest in the Sacramento Metropolitan area. Our yearly goal is admirable: a five percent increase in the total weight contributed over the previous year's donations.

Health, Wellness, and Self Improvement

Noontime seminars on topics of interest, classes such as Weight Watchers, Diabetes Support, Yoga, on-site college courses, and Toastmasters.

Schools Partnership

FTB employees volunteer to mentor students from local elementary and high schools. FTB's partner schools are:

- Cordova High School.
- Hiram Johnson High School.
- Kinney High School.
- Cordova Gardens Elementary School.

Franchise Tax Board

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www.ftb.ca.gov